

HOUSE BILL REPORT

ESHB 2756

As Passed House:

February 15, 2010

Title: An act relating to allowing medicare supplement insurance premiums to be deducted from the calculation of disposable income for the purpose of qualifying for senior property tax programs.

Brief Description: Allowing medicare supplement insurance premiums to be deducted from the calculation of disposable income for the purpose of qualifying for senior property tax programs.

Sponsors: House Committee on Finance (originally sponsored by Representatives Driscoll, Parker, Haler, Ormsby, Lias, Pettigrew, Kelley, Sullivan, Green, Moeller, Simpson, Darneille, Morrell, Pearson, Hurst, Chase and Santos).

Brief History:

Committee Activity:

Finance: 2/9/10 [DPS].

Floor Activity:

Passed House: 2/15/10, 98-0.

Brief Summary of Engrossed Substitute Bill

- Deducts medigap and other medicare supplement insurance premiums from the income calculation used for senior citizens and retired persons property tax relief programs.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta, Conway, Ericks, Santos and Springer.

Staff: Susan Howson (786-7142).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Some senior citizens and persons retired due to disability are entitled to property tax relief on their principal residences. To qualify, a person must be age 61 in the year of application, retired from employment because of a disability, or 100 percent disabled due to military service; must own his or her principal residence; and must have a disposable income of less than \$35,000 a year. Persons meeting these criteria are entitled to partial property tax exemptions and a property valuation freeze.

Disposable income is defined as the sum of federally defined adjusted gross income and the following, if not included: capital gains; deductions for loss; depreciation; pensions and annuities; military pay and benefits; veterans' benefits except attendant-care and medical-aid payments; Social Security and federal railroad retirement benefits; dividends; and interest income.

Some costs may be deducted from the disposable income total as follows: payments for the care of either spouse received in the home; a nursing home, boarding home, or adult family home; payments for medicare insurance premiums; and payments for prescription drugs.

Summary of Engrossed Substitute Bill:

Medigap and other medicare supplement insurance premiums may be deducted from the combined disposable income total when computing the retired person property tax reduction.

This legislation applies to taxes levied for collection beginning in 2011 and thereafter.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Our low-income elderly are really hurting right now with the current economic conditions. Seniors that are on fixed incomes are facing a growing tax burden as their property values increase. These people have been taxpayers and home owners for several years. We already provide deductions for medicare part A premiums, so we should provide one for medicare part B and part D premiums. We need to recognize the importance of keeping these people in their homes.

(Opposed) None.

Persons Testifying: Representative Driscoll, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.